RECENT IMPORTANT DECISIONS.

BANKRUPTCY—CONCEALMENT OF ASSETS IN ANOTHER JURISDICTION.—The defendant was adjudicated bankrupt in New Jersey on his voluntary petition. His assets were all in New York and had never been in New Jersey; they were fraudulently concealed by him from the trustee. Defendant also fraudulently omitted to include these assets in his schedules. On an indictment for concealment of assets, laying the offense in the District of New Jersey, *held,* that the District Court for the District of New Jersey had no jurisdiction, as the crime charged was committed in New York. *Gretsch* v. *United States* (3rd C. C. A.) 36 Am. By. Rep. 571.

On behalf of the government, it was urged that property is fraudulently concealed within the meaning of § 29b (1) of the Bankruptcy Act when the bankrupt fraudulently fails to list it on his schedule. But such act of a bankrupt is within § 29b (2) which provides the offense of "Making a false oath or account in, or in relation to, any proceeding in bankruptcy." The majority of the court therefore took the view that it could not have been the intention of Congress that the two offenses separately stated should include the same substantive crime. The dissenting opinion makes no attempt to answer this objection to the government's contention.

BILLS AND NOTES.—ILLEGAL CONSIDERATION.—The plaintiff, a holder in due course of a promissory note, sued the maker. The note was executed in consideration of the transfer to the maker of a saloon license; a state statute declared that a saloon license should not be assignable; and the NEGOTIABLE INSTRUMENTS LAW provides that the title of a person who executes a negotiable instrument is defective when he obtained the instrument for an illegal consideration. *Held,* that the plaintiff should recover over the defendant's objection that the note was absolutely void and therefore a nullity even in the hands of a holder in due course. *Farmers' Savings Bank* v. *Reed* (Mo. App. 1915), 180 S. W. 1002.

The defendant's objection was good only as against the original payee. *As between the original parties* a note violative of a statute is a nullity, and with that qualification in mind the courts are uniform in referring to such an instrument as void. See 12 L. R. A. (N. S.) 575 with note and collected cases. It is, however, not void in itself and as against all parties. Holders in due course are protected. *Union Trust Co.* v. *Preston Nat. Bank,* 136 Mich. 460. But if the statute expressly declares that a note given in violation of a statute is void, then it is useless even in the hands of a bona fide purchaser, for circulation cannot give validity to a note void per se. DANIEL, NEG. INST., § § 197, 198, 807. Occasionally dicta are found to the effect that "a note executed in violation of a statute is void, even in the hands of one who would otherwise be a bona fide holder." *Prudential Life Ins. Co. of Texas* v. *Smyer* (Tex. 1916), 183 S. W. 825. But the case cited in support of the statement, *Jones* v.

Abernathly, 174 S. W. 682, was governed by a statute which expressly declared void an instrument so made, and the dictum is therefore misleading unless qualified as above suggested.

BILLS AND NOTES.—NOTICE OF DEFECT.—A bank as indorser of a promissory note brought action to recover from the maker. The bank had no knowledge of equities that in fact existed between the original parties, but it did have knowledge of circumstances that would have caused suspicion in the mind of an ordinarily prudent man. The jury was instructed that nothing short of bad faith would overthrow the plaintiff's position as holder in due course. This was *held* error and a judgment for the bank was reversed. *Boxell* v. *Bright Nat. Bank of Flora* (Ind. App. 1916), 112 N. E. 3.

The decision brings again to the fore the question as to what constitutes such notice of an infirmity or defect as to defeat the character of a holder in due course. The doctrine followed in the principal case—that a knowledge of circumstances causing a mere suspicion is sufficient to prevent the holder from being a holder in due course—would seem to place an impediment upon the negotiability of commercial paper, and has for that reason been repudiated in most jurisdictions. *McNamara* v. *Jose,* 28 Wash. 461; *Valley Savings Bank* v. *Mercer,* 97 Md. 478; *Mass. Nat. Bank* v. *Snow,* 187 Mass. 159, 72 N. E. 959. Numerous other states repudiating such a doctrine are noted in articles dealing with this subject in 5 MICH. L. REV. 466 and 11 MICH. L. REV. 67. As some of these states had formerly held with the court of the instant case, but later abandoned that view, it is sometimes remarked that such a rule has been universally repudiated. This is too broad a statement, as the present case illustrates. Though this case arose before the adoption of the Negotiable Instruments Law, the decision would have been the same though governed by that law. *Bright Nat. Bank of Flora* v. *Hartman,* (Ind. App. 1915), 109 N. E. 847.

BULK SALES ACT—TRANSFER IN PAYMENT OF A CREDITOR.—A grocer assigned his stock in trade to a creditor to whom he was indebted to an amount greater than the value of the goods, under an agreement that the creditor should sell them and apply the proceeds to the debt and turn any balance over to the debtor. The Bulk Sales Act, providing that a sale or delivery of a stock in trade without certain notice to creditors should be presumed to be fraudulent and void as to such creditors, was not complied with, but there was no bad faith. *Held,* the transfer was valid as to other creditors. *Des Moines Packing Co.* v. *Uncaphor* (Iowa 1916) 156 N. W. 171.

It is not clear upon what theory the decision rests. The court seems to decide that the transfer was one which the act contemplated and was by it rendered presumptively fraudulent, but that this presumptive evidence of fraud was rebutted by the evidence of actual good faith. The syllabus, however, indicates that the transaction was not within the Act and there is some slight indication in the opinion that this was the ground the court based its decision upon. The court pointed out that a chattel mortgage, under